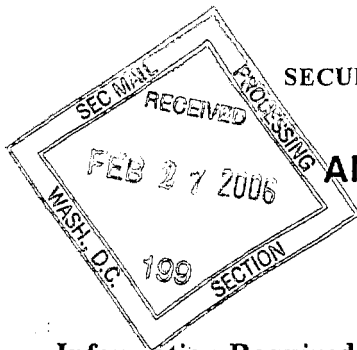


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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8- 43243

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2005 AND ENDING 12/31/2005
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Richter, Larry Lee DBA
Financial Advantage Company
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
423 Lazy Bluff

OFFICIAL USE ONLY
FIRM I.D. NO.

San Antonio, TX 78216-1617 (No. and Street)

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Larry Richter 1-210-490-8877

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Marcus Fairall Bristol + Co., L.L.P.

(Name - if individual, state last, first, middle name)

6090 Surety Drive, Suite 100, El Paso, TX 79905

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

APR 26 2006

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FINANCIAL

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Larry Lee Richter, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Richter, Larry Lee DBA Financial Advantage Company, as of 31 December 2005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

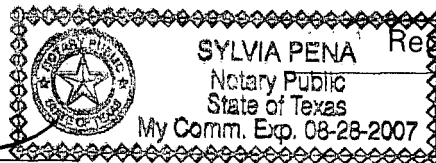
NONE

Larry Lee Richter
Signature

Registered Principal

Title

Sylvia Pena
Notary Public



This report ** contains (check all applicable boxes):

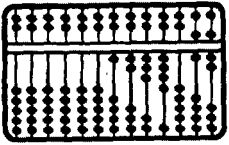
- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

RICHTER, LARRY LEE
dba FINANCIAL ADVANTAGE COMPANY

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Other Expenses	13



**MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.**

INDEPENDENT AUDITOR'S REPORT

To Richter, Larry Lee
dba: Financial Advantage Company

We have audited the accompanying statements of financial condition of Richter, Larry Lee, dba Financial Advantage Company, (a proprietorship) as of December 31, 2005 and 2004 and the related statement of income, changes in proprietor's capital and cash flows for the years then ended. These financial statements are the responsibility of the proprietor. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Richter, Larry Lee, dba The Financial Advantage Company, as of December 31, 2005 and 2004, and the results of the operations and the cash flows for the years then ended in conformity with generally accepted accounting principles accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The supporting information included in the report (shown on page 13) is presented for the purposes of additional analysis and are not a required part of the basic financial statements of Richter, Larry Lee, dba Financial Advantage Company. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with SEC Rule 17a-5 for a broker-dealer claiming an exemption from SEC Rule 15c3-3 for internal control structure, we have also issued a report dated February 13, 2006, on our consideration of The Financial Advantage Company's internal controls.

Marcus, Fairall, Bristol + Co. LLP

El Paso, Texas
February 13, 2006

A Firm of Certified Public Accountants
6090 Surety Drive, Suite 100 • El Paso, TX 79905 • (915) 775-1040
Facsimile: (915) 775-1849

RICHTER, LARRY LEE
dba FINANCIAL ADVANTAGE COMPANY
STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31,

ASSETS

	<u>2005</u>	<u>2004</u>
Cash/Cash Equivalents		
Cash in Bank	\$ 15,976	\$ 38,001
Money Market Account (Note 3)	<u>8,974</u>	<u>8,742</u>
Total Cash/Cash Equivalents	24,950	46,743
Property, Furniture and Equipment		
Net of Accumulated Depreciation (Note 4)	8,309	6,910
Other Assets		
Supplies Inventory (Note 5)	<u>300</u>	<u>300</u>
TOTAL ASSETS	\$ <u>33,559</u>	\$ <u>53,953</u>

LIABILITIES AND PROPRIETOR'S CAPITAL

Payroll Taxes Payable	\$ 598	\$ 598
Other Payable (Note 3)	4,480	4,480
Proprietor's Capital	<u>28,481</u>	<u>48,875</u>
TOTAL LIABILITIES AND PROPRIETOR'S CAPITAL	\$ <u>33,559</u>	\$ <u>53,953</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS

RICHTER, LARRY LEE
dba FINANCIAL ADVANTAGE COMPANY
STATEMENTS OF INCOME FOR THE YEARS ENDED
DECEMBER 31,

REVENUES

	<u>2005</u>	<u>2004</u>
Commissions:		
Insurance and Timing Commissions	\$ 99,304	\$ 130,242
Securities Commissions	31,526	26,642
Other Revenue	<u>232</u>	<u>371</u>
 TOTAL REVENUES	 <u>131,062</u>	 <u>157,255</u>

EXPENSES

Salaries	30,000	30,000
Depreciation	435	433
Other Expenses (Schedule 1)	<u>31,690</u>	<u>42,890</u>

TOTAL EXPENSES	<u>62,125</u>	<u>73,323</u>
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NET OPERATING INCOME	68,937	83,932
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OTHER INCOME

Prior Year Regulatory Refund	<u>342</u>	<u>2,913</u>
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NET INCOME	\$ <u>69,279</u>	\$ <u>86,845</u>
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS

RICHTER, LARRY LEE
dba FINANCIAL ADVANTAGE COMPANY
STATEMENTS OF CHANGES IN PROPRIETOR'S CAPITAL
FOR THE YEARS ENDED DECEMBER 31,

	<u>2005</u>	<u>2004</u>
BEGINNING BALANCE	\$ 48,875	\$ 36,473
Add:		
Net Income	<u>69,279</u>	<u>86,845</u>
	118,154	123,318
Deduct:		
Withdrawals	<u>89,673</u>	<u>74,443</u>
ENDING BALANCE	\$ <u>28,481</u>	\$ <u>48,875</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS

RICHTER, LARRY LEE
dba FINANCIAL ADVANTAGE COMPANY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities		
Net Income	\$ 69,279	\$ 86,845
Adjustments to Net Income:		
Depreciation	<u>435</u>	<u>433</u>
Net Cash Provided by Operating Activities	<u>69,714</u>	<u>87,278</u>
Cash Flows from Investing Activities		
Equipment Purchased	<u>(1,834)</u>	<u>-0-</u>
Cash Used by Investing Activities	<u>(1,834)</u>	<u>-0-</u>
Cash Flows from Financing Activities		
Cash Paid to Proprietor	<u>(89,673)</u>	<u>(74,443)</u>
Net Cash Used by Financing Activities	<u>(89,673)</u>	<u>(74,443)</u>
Net Increase (decrease) in Cash	(21,793)	12,835
Cash and Cash Equivalents at Beginning of Year	<u>46,743</u>	<u>33,908</u>
Cash and Cash Equivalents at End of Year	\$ <u>24,950</u>	\$ <u>46,743</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS

RICHTER, LARRY LEE
dba FINANCIAL ADVANTAGE COMPANY
COMPUTATION OF NET CAPITAL
DECEMBER 31,

	<u>2005</u>	<u>2004</u>
Total Proprietor's Capital from Statement of Financial Condition	\$ 28,481	\$ 48,875
Deduct Non-Allowable Assets	<u>8,609</u>	<u>8,396</u>
Net Capital before Haircuts on Security Positions	19,872	40,479
Haircuts on Securities – Other	<u>1,346</u>	<u>145</u>
NET CAPITAL	\$ <u>18,526</u>	\$ <u>40,334</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS

RICHTER, LARRY LEE
dba FINANCIAL ADVANTAGE COMPANY
COMPUTATION OF BASIC NET CAPITAL REQUIREMENTS
DECEMBER 31,

	<u>2005</u>	<u>2004</u>
Minimum Dollar Net Capital Requirements of Reporting Broker or Dealer (Note 6)	\$ <u>5,000</u>	\$ <u>5,000</u>
Excess of Net Capital		
Net Capital	\$ 18,526	\$ 40,334
Less: Minimum Dollar Requirement Excess Net Capital	<u>5,000</u>	<u>5,000</u>
EXCESS NET CAPITAL	\$ <u>13,526</u>	\$ <u>35,334</u>
EXCESS NET CAPITAL AT 100%	\$ <u>18,526</u>	\$ <u>40,334</u>

NOTE: There were no material differences between the computation above and the unaudited Part III focus report submitted for the year-ended December 31, 2005. Depreciation expense in the amount of \$3,587 was reversed, which increased net income for the year-ending December 31, 2004.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS

RICHTER, LARRY LEE
dba FINANCIAL ADVANTAGE COMPANY
SCHEDULE FOR AGGREGATE INDEBTEDNESS COMPUTATION
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

SEE NOTE 2

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS

RICHTER, LARRY LEE
dba FINANCIAL ADVANTAGE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS:

The proprietor was licensed as a NASD broker-dealer on March 5, 1991.

This summary of significant accompanying policies of Richter, Larry Lee dba Financial Advantage Company is presented to assist in understanding the financial statements. The financial statements and notes are representations of the owner, who is responsible for their integrity and objectivity.

ACCOUNTING BASIS:

The books and records of the Company are kept on the accrual basis for financial reporting and income tax purposes.

PROPERTY, FURNITURE AND EQUIPMENT:

Property and equipment are stated at cost. Betterments and major renewals are capitalized and included in the property and equipment accounts while expenditures for maintenance and repairs and minor renewals are charged to expense.

REVENUE RECOGNITION:

Revenue is recognized as insurance and security commissions are received. Timing fees are recognized when the service is rendered. This is a consulting service performed by Mr. Richter.

INCOME TAXES:

The proprietorship is not a taxpaying entity for purposes of federal income taxes, and thus no income taxes have been recorded in the statements. Income from the proprietorship is combined with the income and expenses of the proprietor from other sources and reported in the proprietor's individual federal income tax returns. The proprietor customarily makes estimated tax payments toward his personal income tax liability from his personal bank account.

USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RICHTER, LARRY LEE
dba FINANCIAL ADVANTAGE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 2 – SUPPLEMENTAL INFORMATION IN ACCORDANCE WITH ERG 17A-5 OF
THE REGULATIONS UNDER SECURDITY EXCHANGE ACT OF 1934

Richter, Larry Lee, dba Financial Advantage Company does not receive, acquire, or hold funds or securities for customers or margin for customers and therefore the provisions of rule 15C 3-3 are not applicable to Financial Advantage Company. Therefore, an independent review of the Company's treatment of such transactions is not required.

NOTE 3 – CONTINGENCIES

An administrative proceeding was initiated by the Commissioner of Securities of the Secretary of State of Georgia that resulted in a civil penalty of \$4,480 that was imposed against Larry Richter. The imposition of the civil penalty is being challenged by Mr. Richter in a legal proceeding that is still pending and has not yet been finally determined. In the event that Mr. Richter's appeal of the administrative penalty is unsuccessful, the maximum potential liability is \$4,480, which has been accrued in the financial statements.

The money market account was transferred into a variable annuity on November 16, 2000, with an additional \$1,000. The value of the annuity on the last business day of December 2005 and 2004, were \$8,974 and \$8,742, respectively, which was confirmed. The primary beneficiary of the annuity is The Financial Advantage Company. The following hair cut requirements and non-allowable cost percentages for variable annuities in the computation of net capital are as follows:

15% required haircut for non-allowable cost	\$	1,346
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The non-allowable costs amounted to \$1,346 at December 31, 2005 and \$1,486 at December 31, 2004.

RICHTER, LARRY LEE
dba FINANCIAL ADVANTAGE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 4 - PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment consists of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Estimated Useful Life</u>
Office Furniture	\$ 4,107	\$ 4,107	10 Yr.
Office Equipment	22,940	20,248	5 - 7 Yr.
Office Improvements	4,184	567	39 Yr.
Automobile	21,314	21,314	5 Yr.
Professional Books	<u>2,000</u>	<u>-0-</u>	
Total	\$ <u>54,545</u>	\$ <u>46,236</u>	

Depreciation charges to income was \$435 for the year ended December 31, 2005, and \$433 for the year ended December 31, 2004.

NOTE 5 - SUPPLIES INVENTORY

Supplies inventory is carried at cost.

NOTE 6 - EXCEPTIVE PROVISION UNDER RULE 15C 3-3

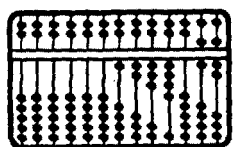
Under the exceptive provision of rule 15C 3-3 (K) (1)(ii) the Company's capital categories has an exception of \$5,000 for the year-ended December 31, 2005. There were no material inadequacies.

SUPPORTING SCHEDULE

RICHTER, LARRY LEE
dba FINANCIAL ADVANTAGE COMPANY
OTHER EXPENSES
DECEMBER 31,

	<u>2005</u>	<u>2004</u>
Advertising	\$ 1,776	\$ 2,084
Audit Fees	2,235	1,500
Dues and Publications	294	1,246
Printing	8,246	176
Insurance	30	8,504
Computer Expense	3,888	773
Supply Expense	2,296	2,969
Payroll Taxes	(327)	2,296
Education Expense	5	1,162
Meals and Entertainment	2,131	7
Telephone Expense	1,630	2,464
License and Fees		1,710
Gift Expense	1,524	218
Postage	121	2,171
Repairs	3,955	606
Travel	194	4,339
Freight	205	452
Miscellaneous	732	723
Administrative Service Fees	526	102
Contract Labor	1,097	835
Legal Fees	1,132	7,253
Liability Insurance	-0-	1,300
Electronic Recordkeeping	\$ 31,690	\$ 42,890

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS



**MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.**

Larry L. Richter
Richer, Larry Lee DBA Financial Advantage Company

In planning and performing our audit of the statement of financial condition and supplemental schedules of Richter, Larry Lee DBA Financial Advantage Company, for the year ended December 31, 2005, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded

properly to permit the preparation of financial statements in accordance with generally accepted accounting principles accepted by the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities, which we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2005, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, National Association of Securities Dealers, Inc., and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.

Marcus, Fairall, Bristol + Co., LLP

Marcus, Fairall, Bristol + Co., L.L.P.

El Paso, Texas

February 13, 2006